



The Société Immobilière du Québec (SIQ)

founded in 1984, is a government owned corporation created to provide suitable office space to government departments and agencies in accordance with their needs and with a view to profitability and efficiency. It offers all services related to the construction, management and operation of properties.

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Financial summary

(In million \$)	1991-1992	1990-1991	Diff. in %
Net earnings prior to other item	31	25	24
Rebate to the Québec government	27	13	108
Funds generated by operations	57	49	16
Revenues	316	484	7
Total assets	1 062	1 014	5
Shareholder's equity	121	116	4
Acquisitions of fixed assets	95	83	14

Mr. Robert Dutil

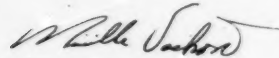
Minister responsible for the Société
Immobilière du Québec

Sir:

I have the honour of presenting
the annual report of the Société
immobilière du Québec for the
financial year ended March 31,
1992.

This report gives a comprehen-
sive account of our activities
and contains information of
public interest.

Sincerely yours,



Miville Vachon

President and Chief Executive Officer

Mr. Jean-Pierre Saintonge

President of the National Assembly
of Québec

Sir:

I have the honour of presenting
the annual report of the Société
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financial year ended March 31,
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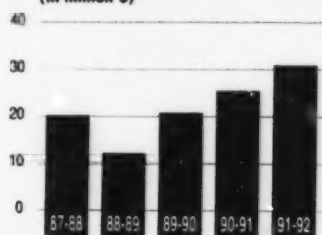
Respectfully yours,



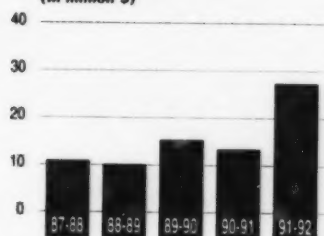
Robert Dutil

Minister of Supply and Services

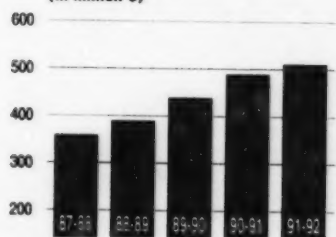
Net earnings prior to other item
(in million \$)



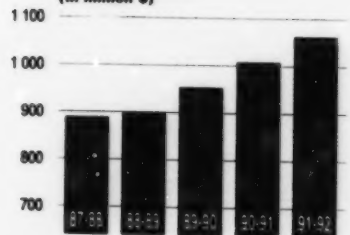
Rebate to the Québec government
(in million \$)



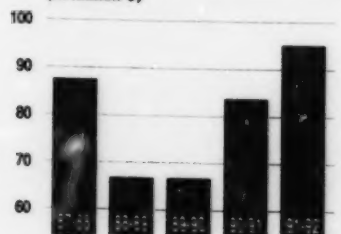
Revenues
(in million \$)



Total assets
(in million \$)



Acquisitions of fixed assets
(in million \$)



Financial summary

(in million \$)	1991-1992	1990-1991	Diff. in %
Net earnings prior to other item	31	25	24
Rebate to the Québec government	27	13	108
Funds generated by operations	57	49	16
Revenues	516	484	7
Total assets	1 062	1 014	5
Shareholder's equity	121	116	4
Acquisitions of fixed assets	95	83	14

A MESSAGE FROM THE PRESIDENT

*In accordance with the mission
entrusted to the Société immobilière du Québec*

by Québec government authorities, the actualization of strict management objectives regarding properties, along with the implementation of a sound rationalization plan were the main guidelines followed by the SIQ during the past financial year, in the light of economic conditions about which management in both the public and private sectors remains concerned.

To give a true picture of the important role played by the SIQ in the field of real estate, we must examine its main

components. With more than 2.5 million square metres of rental space in some 1,100 buildings throughout the province, the SIQ



is one of Québec's largest real estate corporations and a leader in the industry.

In 1991, for the first time since its creation, the SIQ's assets totalled more than \$1 billion. And in 1992, these assets increased by \$48 million to reach \$1.1 billion. Based on municipal assessment, the value of SIQ properties is now set at \$1.61 billion.

Operating revenues

*As regards the corporation's financial performance,
revenues for the year ended March 31, 1992 were \$516 million*

compared with \$484 million the previous year. Funds generated by operations were \$57 million in 1991-1992. Results for the year ended also show earnings prior to other item of \$31 million, and a gain of \$78 million from a disposal of investment for net earnings totalling \$110 million. Also, the corporation paid the Québec Minister of Finance a \$27 million rebate and a \$78.2 million dividend from the disposal of the corporation's investment in Place Desjardins inc.

Since 1984, the combined sums of dividend and rebates handed to the Québec Minister of Finance total some \$ 164 million. We are convinced that our competence and efficiency will be the mainstays of our future development, supported by a sound financial structure and an experienced, enthusiastic and loyal team.

Corporate project

*At the end of this
seventh financial year since the SIQ's inception, it is quite*

appropriate to point out how closely the Board of Directors, management and the corporation's personnel worked together as a team. Truly, whatever success we have had can be attributed to our human resources.

As is the case with other

corporations, we strive for excellence and total quality in all our undertakings. So that our objectives may be woven into our daily activities, in 1991, we initiated what we call our corporate project. It is the result of a long progression and of a comprehensive consultation process. It required the setting up of a coordinating committee and the definition and approval of objectives by our own people who are committed to reaching these goals. The objectives are: communication between all levels of a highly decentralized structure and an awareness of the responsibilities of all concerned. These aims are realistic, attainable and should continue to improve our client services.

A progressive organization

This last financial year was marked by a new

sharing out of responsibilities among vice-presidencies. This rationalization effort was called for so that we may remain true to the government mission and, in many instances, that this mission be a source of inspiration, since ours is not only an action and support function but that basically – and this is strategically important – we must act in a counselling capacity. In so doing, our flexibility must be such that we may readily adapt to the ever-changing needs of our clientele. And we hope to see this required flexibility extend beyond that which is defined by government decree.

Not unlike the governing body

which it serves and in keeping

with its purpose, the SIQ must, in its daily endeavours,

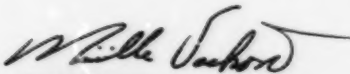
incorporate the smooth transition between decision and implementation in a socioeconomic context. However, our concern for efficiency should never overshadow our undeniable openness. The fact that we manage, on its behalf, an important part of Québec society's real estate heritage compels us to both an exactness and a complex management process which influence our activities. These guidelines should nevertheless remind us that, first and foremost, we are called upon to serve human assets which include our clientele as well as a wide array of suppliers and our own resources.

During the last financial year, a new member joined

the SIQ Board of Directors, Madame Marie-Ange Fernet-Sylvestre to whom I convey – and indeed to all our Board members – our sincere gratitude for their enlightened and professional contribution to a high-performance Québec owned real estate corporation.

And on a more personal note,

I wish to thank my colleagues in management and all members of our esteemed personnel for their unflagging and continued cooperation.



Miville Vachon

President and Chief Executive Officer

A PROGRESS REPORT

Consolidation of properties

The Société immobilière du Québec's

prime objective is to attain excellence in all products and

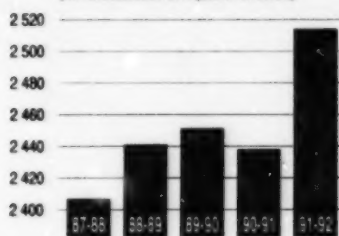
services it offers its clientele. It also subscribes to the objectives of its sole shareholder, the Government of Québec and in so doing, it provides strong support to the management of its real estate heritage.

*The SIQ manages diverse properties totalling
2.52 million square metres*

of rental space, a 3% increase over last year. The corpo-

ration owns 60% of these properties while rentals account for 40%.

*Total rental areas
(in thousands of square metres)*



Properties include 1,114 buildings, 93 of which are of more than 5,000 square metres and represent 61.2% of total areas, while 1,021 buildings throughout the province account for the remaining 38.8%. These buildings accommodate more than 56,000 people. During the last financial year, despite the great number and diverse nature of the buildings managed, the corporation kept the average rate of unoccupied space down to 4.39%, one of the lowest in the industry.

The 1991-1992 financial year

was also marked by

a major transaction totalling close to \$100 million, i.e. the

sale of a block of shares held by the SIQ in Place Desjardins Inc. to the Fédération des caisses populaires Desjardins of Montréal and Western Québec.

This transaction assures the Mouvement Desjardins complete ownership of Complexe Desjardins. However,

*Appartenance de total rental
areas per types of building (%)*



* And comparable premises (court yards, registry offices, halls...)

** Mainly detention centres, residences

the SIQ continues to enjoy the advantages derived from contractual agreements currently in force regarding the rental of space to several Québec departments and agencies.

On the other hand, investments were made mostly toward the improvement of existing properties.

*The completion of major projects
also came about*

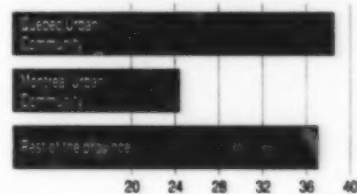
during 1991-1992. Among these are the construction of the Laval courthouse, the expansion of the one in Rivière-du-Loup, the development of confinement quarters in the Ville-Marie courthouse, the building of new Sûreté du Québec district headquarters in Cap-de-la-Madeleine and of local stations in Val-d'Or and Alma. In addition to these projects is the building of additions to the Montréal, Québec and Sherbrooke detention centres, the centralization of the Department of Public Safety's administrative offices in Québec City, the grouping of several centres d'orientation et de formation des immigrants (COFI) in Montréal and the completion of two Société Bon-Pasteur buildings on Parliament Hill in Québec City.

*Last year, the SIQ acquired
some 70 dams operated by the
Québec Department of the Environment.*

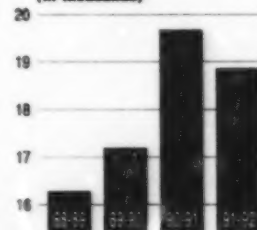
*Since then, the corporation initiated extensive re-
building works on several of these structures. Through its well-established expertise, the SIQ will
further contribute to the realization of other major projects.*

Thus, the government recently informed the public of its intention to entrust the development of the future Convention Centre in Québec City to the SIQ.

*Appportionment of rental
areas per region (96)*



*Number of contracts
awarded
(in thousands)*



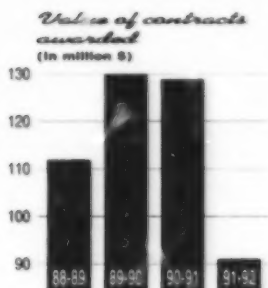
Clients, our "raison d'être"

As an added improvement

in our operation, activities related to real estate planning and client services

have been grouped under the new client services and space management department. This

department handles all space management and renovation requests of over \$25,000 or requiring space alterations. During the past year, it processed 366 requests from its 197 clients compared with 436 the previous year.



On the other hand,

19 regional management offices

handle requests of less

than \$25,000 which have no bearing on occupied space.

During the year, managers processed 14,198 requests, 4,213 of which were billable on delivery. Moreover, they handled 26,332 requests pertaining to the maintenance and improvement of properties and 17,362 concerning planned maintenance. It should be noted that more than 200 buildings are now equipped with a preventive maintenance system. Initiated a number of years ago, the hand-operated system which allows for the planning and follow-up of maintenance work on the buildings' mechanical and electrical components will gradually be integrated in a computerized management system.

New priorities in energy resource management

A \$23.2 million investment

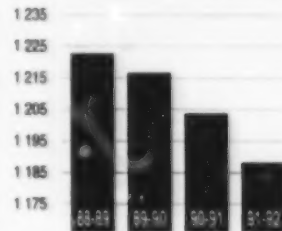
produced a 36.8% reduction in energy consumption in buildings

under management, from 1,879 MJ/m² to 1,188 MJ/m². Although it made savings of more than \$140 million (constant dollars 1991) since the launching of its energy conservation program in 1977-1978, the SIQ adopted a new strategy in the fall of 1991.

*The strategy for 1991-1996
provides for an additional 15% reduction
of the 1990-1991 energy consumption figures through a \$13 million*

investment and by being energy conscious in our daily routines. The strategy calls for our endorsement of Hydro-Québec's energy-efficient program. An experimental program implemented in five buildings has already yielded a 21% average energy consumption reduction. A similar analysis program in 70 other buildings will be implemented in 1992 with potential savings of some \$3 million.

*Energy consumption
(in megajoules/square metre)*



As regards air quality

- an essential factor in client

satisfaction - the SI2 worked closely with the Institut de recherche en santé et en sécurité du travail du Québec (IRSST) on the development of its research program on air quality. More recently, McGill University's environmental laboratory made a complete analysis of the air quality in many of our buildings. As a whole, studies showed that air quality was excellent and that the few problems noticed could be solved through minor corrections. Furthermore, the corporation supports and abides by the provisions of Bill 84 for the protection of non-smokers.

Our human resources in action

At March 31, 1992, the SI2 staff totalled 1,088 employees, compared with 1,097 the previous year. There were 1,011 permanent and 77 part-time employees.

The SI2 is convinced the the fulfilment of its corporate mission rests on the excellence and enthusiasm of its employees at all levels and wherever there are corporation installations throughout Québec. It is indeed noteworthy that one of the three major components of the corporate project implemented during the last financial year concerns efficiency in communication.

The corporation is of the opinion

that to reach its total quality objective, its employees must have access to a training program. During the past year, 532 employees attended training sessions through group activities set up by the SIQ.

Until recently, training focused mainly on the technical aspects of the workday. Last year, however, the SIQ started developing professional skills within programs designed specifically for the carrying out of its corporate project and considering the employees particular work environment.



BOARD OF DIRECTORS

Miville Vachon (1)

President and Chief Executive Officer

Marie-Ange Fernet-Sylvestre (2)

Director

Les Entreprises Berthier inc.

Marcel Lacroix (3)

President

Placements Marcel Lacroix inc.

Jean Létourneau (4)

Vice-President, Finance and Industries

Rexfor

Suzanne Massé (5)

Managing Director

Les Voyages Émérillon inc.

Giuseppe Morselli (6)

President

Buffet Trio inc.

Charles E. Plamondon (7)

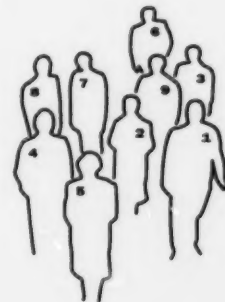
Director

Yvon Pomainville (8)

Businessman

Michel Hébert (9)

Corporate Secretary



MANAGEMENT COMMITTEE

Miville Vachon

President and Chief Executive Officer

Guy Blisson

Outgoing Vice-President

Real Estate Operations

Pierre Prémont

Vice-President

Finance and Administration

Guy Vachon

Vice-President

Real Estate Affairs and Construction

Michel Hébert

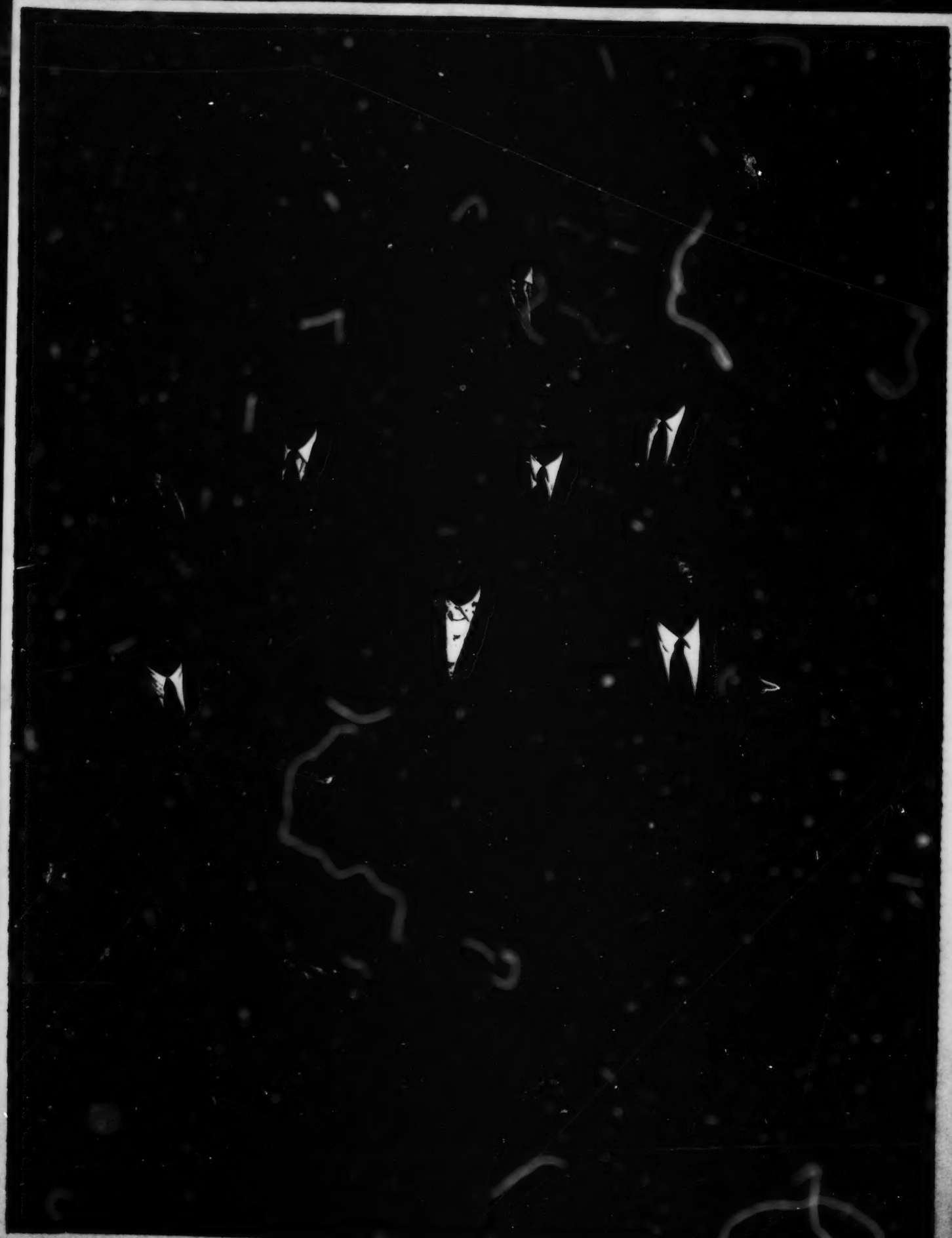
Assistant to the President

VICE-PRESIDENCIES

The Vice-Presidency, Real Estate Affairs and Construction is responsible for the best possible use that can be made of SIQ properties and provides the corporation with availability of space for clients. To this end, it performs technical expertise, various improvement and construction works in keeping with current standards and handles real estate transactions related to rental space.

The Vice-Presidency, Real Estate Operations, through its nineteen regional offices, assures the operation, maintenance and conservation of SIQ buildings throughout Québec. It sees to it that the SIQ fulfills its obligations toward its tenants.

The Vice-Presidency, Finance and Administration is responsible for the management of human, computer, financial and material resources. It provides the means to analyse and determine to what extent the standards of efficiency, profitability and fairness are respected. It supervises the awarding of SIQ contracts and applies its pricing policy.



The corporate project

The SIQ's corporate project was set up

during the last financial year and is the result of several years of careful planning. One of the project's main objectives calls for all employees sharing common, motivating values.

Principal priorities for the project's

implementation are communication, an awareness of responsibilities and client approach. With the slogan "Je m'en charge", the individual and collective commitment to work toward these objectives is incorporated in a "Total Quality" charter.

These actions bear tangible results: the corporation won top awards at the prestigious Gala Energia for the Jos-Montferrand building in Hull. Sponsored by the Association québécoise pour la maîtrise de l'énergie, the gala recognizes the efforts made by the SIQ in this field.

In the City of Hull

contest in architecture, the SIQ won the Prix d'excellence in the "historic building restoration" category for the quality of works performed on the site of the Conservatoire de musique de Hull.

Also, the corporation is among the nominees for

the OCTAS de la technologie to be awarded at the Gala de l'excellence en informatique, for the design of a unique and practical system for the management of graphic data in computer-assisted drawing.

A collective commitment

Confident in the experience of the past years and

in its remarkable expertise as confirmed by the constantly improved quality of its endeavours, the SIQ reiterates its corporate commitment:

- the efficient management of the whole of Québec government properties;
- the development of an increasing number of real estate projects, under mandate, for parapublic and private organisations.

Supported by the daily efforts of each and every member of its personnel, the corporation wishes to provide its clients with a pleasant, efficient and practical work environment.

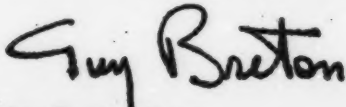
AUDITOR'S REPORT

I have audited the balance sheet of the Société immobilière du Québec as at March 31, 1992 and the statements of earnings, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q. chapter V-5.01), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,



Guy Breton, f.c.a.

Québec, June 4, 1992

FINANCIAL STATEMENTS
Société immobilière du Québec

Balance sheet

as at March 31, 1992

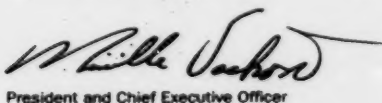
(in thousands of dollars)

	1992	1991
<i>Assets</i>		
Properties and dams (note 3)	1,007,221	939,375
Equipment	2,246	2,257
Investments (note 4)	2,000	19,287
Investment in a direct financing lease (note 5)	1,768	1,883
Accounts receivable (note 6)	31,365	26,812
Other assets - net (note 7)	17,491	9,627
Short-term investment - at cost	-	15,000
	1,062,091	1,014,241
<i>Liabilities</i>		
Long-term debt (note 8)	782,412	773,749
Bank loans	78,892	30,632
Accounts payable and accrued liabilities	78,971	83,165
Outstanding cheques less cash	1,092	10,667
	941,367	898,213
<i>Shareholder's equity</i>		
Capital stock (note 9)	80,001	80,001
Contribution by the Québec government (note 10)	7,666	7,666
Retained earnings	33,057	28,361
	120,724	116,028
	1,062,091	1,014,241

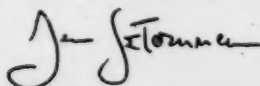
Commitments (note 15)

Contingencies (note 16)

On behalf of the Board of Directors



President and Chief Executive Officer



Director

Earnings for the year ended

March 31, 1992

(in thousands of dollars)

	1992	1991
<i>Revenues</i>		
Rentals (note 11)	510,298	474,581
Construction services	1,833	3,851
Share of net earnings of the affiliated company	2,267	3,788
Gain (loss) on disposal of fixed assets	276	(151)
Other	1,568	1,854
	516,242	483,923
<i>Expenses</i>		
Operating expenses on properties		
Leased	181,771	164,145
Owned	111,348	105,491
Cost of construction services	1,935	3,831
Finance charges - net (note 12)	81,501	81,532
Real estate and business taxes on properties	53,647	48,126
General and administrative charges	27,025	28,060
Depreciation	27,545	27,731
	484,772	458,916
<i>Earnings prior to following item</i>	31,470	25,007
Gain on disposal of investment in an affiliated company (note 4)	78,426	-
<i>Net earnings</i>	109,896	25,007

Retained earnings for the year ended

March 31, 1992

(in thousands of dollars)

	1992	1991
<i>Balance at beginning</i>	28,361	16,803
Net earnings	109,896	25,007
	138,257	41,810
Rebate paid to the Québec government (note 13)	27,000	13,449
Dividend	78,200	-
	105,200	13,449
<i>Balance at end</i>	33,057	28,361

Cash flow for the year ended

March 31, 1992

(in thousands of dollars)

	1992	1991
<i>Operating activities</i>		
Net earnings	109,896	25,007
Charges not requiring cash outlay:		
Depreciation of fixed assets	27,031	27,418
Amortization of deferred charges	1,030	591
Share of net earnings in the affiliated company	(2,267)	(3,788)
(Gain) loss on disposal of fixed assets	(276)	151
Gain on disposal of investment in an affiliated company	(78,426)	-
Funds generated by operations	56,988	49,379
Net change in other assets and liabilities*	(17,641)	11,470
Funds generated through operating activities	39,347	60,849
<i>Rebate paid to the Québec government</i>	(27,000)	(13,449)
<i>Dividend</i>	(78,200)	-
<i>Financing activities</i>		
Long-term loans	95,037	150,212
Redemption of investment in a direct financing lease	115	101
Bank loans (repayment)	48,260	(68,747)
Payments on long-term debt	(86,374)	(45,849)
Funds generated through financing activities	57,038	35,717
<i>Investment activities</i>		
Acquisitions of properties and dams	(94,497)	(82,395)
Acquisitions of equipment	(808)	(751)
Proceeds from disposal of fixed assets	715	11,835
Investment in a joint venture company	-	(2,000)
Proceeds from disposal of investment in an affiliated company	97,980	-
Funds generated (absorbed) by investment activities	3,390	(73,311)
(Decrease) increase of funds	(5,425)	9,806
Funds (outstanding cheques less cash) at beginning	4,333	(5,473)
(Outstanding cheques less cash) funds at end	(1,092)	4,333

The corporation's funds include cash and short-term investment less outstanding cheques.

* Includes changes in accounts receivable, other assets - net and accounts payable and accrued liabilities.

Notes to the financial statements

March 31, 1992

(All the amounts in the tables are given in thousands of dollars)

1. Constitution and corporate mission

The corporation is a limited company established by the Act respecting La Société immobilière du Québec (R.S.Q., C.S-17.1 and modifications). It is responsible for renting properties to government departments and agencies, and providing them with construction, operating and real estate management services.

2. Accounting policies

The corporation's financial statements have been prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on the best estimates and judgements. The corporation's accounting policies and standards for presenting financial information comply with the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies.

Properties

- In operation and for corporate use

Properties in operation and for corporate use acquired by transfer from the public domain are accounted for at the value determined by the Québec government.

Other acquisitions are accounted for at cost.

- Under construction

The cost of properties under construction includes, in addition to direct costs, operating expenses, property taxes, interest and the applicable portion of general and administrative costs related thereto, less rental income. Properties under construction are not deemed to be in operation until the project is fully completed and the premises have reached a satisfactory level of occupancy, subject to reasonable delay.

- Intended for sale

Properties intended for sale are valued at the lesser of depreciated cost and net realizable value. Depreciation is not recorded with respect to these properties once the corporation decides to sell them.

- Land held for or under development

Land held for or under development is valued at the lesser of cost and net realizable value. Cost includes acquisition cost, operating expenses, property taxes, interest and the applicable portion of general and administrative expenses related thereto, less rental income.

Dams

Dams, including related real estate and movables, acquired by transfer from the public domain are accounted for at the value determined by the Québec government.

Other acquisitions are accounted for at cost.

The cost of dams under construction includes, in addition to direct costs, property taxes, interest and the applicable portion of general and administrative expenses related thereto.

Equipment

Equipment is accounted for at cost.

Depreciation of fixed assets

The depreciation of properties in operation and for corporate use is calculated according to the sinking fund method, at 5 percent per annum in order to amortize the cost of these properties over an estimated useful life of between 15 and 50 years.

Equipment is depreciated according to the straight-line method of depreciation over an estimated service life of 5 years.

Major tenant improvements made on behalf of the clients are depreciated over a period varying from 5 to 15 years. Depreciation of these improvements is calculated according to the sinking fund method at a rate corresponding to that charged to the client.

Capitalized interest

The portion of interest attributable to properties and dams under construction and land held for or under development is capitalized by using the weighted average rate of interest-bearing debts.

Investments

The corporation accounts for its investment in affiliated and joint venture companies according to the equity method. Under this method, the investment is recorded at cost and is increased or reduced by the corporation's share of the companies' net earnings or net loss from the date of acquisition and reduced by dividends received.

Deferred charges

The development costs of computer-based systems are amortized according to the straight-line method over a period of 5 years.

The discount and issuance expenses of long-term debt are amortized over the term of the debt according to the straight-line method.

The other deferred charges are amortized according to the straight-line method over a period of 10 years.

Deferred charges are recorded under the item "Other assets - net".

Deferred rental revenue

Deferred rental revenue is amortized according to the straight-line method over a period of 30 years.

Deferred rental revenue is recorded under the item "Other assets - net" in reduction of deferred charges.

Work in progress

Construction and minor tenant improvement projects which have not been completed and must be billed when a progress report is presented or upon completion of the work are shown as work in progress under the item "Other assets - net". Such work is recorded at cost, less amounts billed.

Leases*- Capital leases*

When, under the terms of the lease, virtually all the advantages and risks inherent in ownership of the leased property favour or are assumed by the corporation, the cost of the leased property and the actual value of the liability arising therefrom are accounted for as though the acquisition of an asset and a loan were involved. Property covered by a capital lease is depreciated according to the same method as other fixed assets.

- Operating leases

Rent derived from operating leases is charged off to earnings.

- Direct financing leases

When, under the terms of the lease, virtually all the advantages and risks inherent in ownership are transferred to the corporation's clients, the actual value of the minimum payments to be received is accounted for as though the disposal of an asset and an investment are involved.

Financing revenue derived from these contracts is credited to earnings according to a formula which makes it possible to obtain a uniform rate of return over the term of the lease.

Long-term debt

Debentures issued with high discount rates are registered at their present value, increased each year by the capitalization of the discount assimilated to interest, which is calculated by the compound interest method.

3. Properties and dams

	Land	Buildings	Dams	Properties under capital leases	Major improvements	Total	
						1992	1991
In operation	97,893	746,683	5,987	59,069	123,364	1,032,996	974,880
For corporate use	1,693	10,917	-	590	-	13,200	8,357
	99,586	757,600	5,987	59,659	123,364	1,046,196	983,237
Under construction	195	48,009	3,446	-	5,925	57,575	40,268
Intended for sale	1,333	43	-	-	-	1,376	394
Land held for or under development	19	-	-	-	-	19	155
	101,133	805,652	9,433	59,659	129,289	1,105,166	1,024,054
Accumulated depreciation	-	62,148	74	2,567	33,156	97,945	84,679
	101,133	743,504	9,359	57,092	96,133*	1,007,221	939,375
During the year, the following costs were capitalized:							
Finance charges						5,179	2,684
Operating expenses, property taxes less rental income						32	43
General and administrative expenses						1,007	758
						6,218	3,485

* Including 21,072,000 \$ (1991: 15,542,000 \$) for major tenant improvements related to properties rented by the corporation.

4. Investments (equity method)

	% of participation	1992	1991
Affiliated company			
Place Desjardins Inc.	49	-	17,287
Joint venture company			
Société Bon-Pasteur Enr.	43	2,000	2,000
		2,000	19,287

On March 26, 1992, the corporation disposed of its investment in Place Desjardins Inc. in consideration of a net amount of \$97,980,400 paid cash.

5. Investment in a direct financing lease

Total minimum payments receivable from the rental of a building:

Year

1993	345
1994	345
1995	345
1996	345
1997	345
Subsequently	1,124
Total minimum payments receivable	2,849
Less: Unearned financing revenue	1,081
Investment in a direct financing lease	1,768

6. Accounts receivable

	1992	1991
Québec government's departments and agencies	23,206	17,838
Other	8,159	8,974
	31,365	26,812

7. Other assets - net

	1992	1991
Deferred charges, at amortized cost:		
Discount and issuance expenses of long-term debt	9,904	3,697
Development of computer-based systems	2,460	1,990
Other	926	1,046
	13,290	6,733
Less: Deferred rental revenue	2,000	2,000
	11,290	4,733
Prepaid expenses	3,078	2,427
Work in progress	3,123	2,467
	17,491	9,627

8. Long-term debt

	1992	1991
Debentures (a)		
Series A, bearing interest at an effective rate of 10.30%, maturing in 1995	40,800	40,800
Series B, bearing interest at an effective rate of 9.36%, maturing in 2006	10,245	10,245
Series C, bearing interest at an effective rate of 9.36%	-	72,000
Series D, bearing interest at an effective rate of 10.91%, maturing in 2000 with an option to redeem (b)	50,000	50,000
Series E, bearing interest at an effective rate of 10.36%, maturing in 2013 with an option to redeem (c)	60,077	61,500
Series F, bearing interest at an effective rate of 10.78%, maturing in 2014	150,000	150,000
Series G, non-interest bearing, par value of \$117,778,064 at present value with an effective average rate of 11.86%, maturing on different dates up to, and including, 1995 (d)	91,967	85,652
Series H, bearing interest at an effective rate of 9.26%, maturing in 1996	45,000	-
Notes for which the capital and interest payments made in Yens are covered by foreign exchange contracts at pre-determined fixed rates (a)		
Interest at an effective rate of 12.31%, maturing in 1995, repayable in annual payments of \$8,160,000 beginning in 1991	32,640	40,800
Interest at an effective rate of 9.72 %, maturing in 1997	50,000	50,000
Interest at an effective rate of 10.04%, maturing in 1994	40,000	40,000
Interest at an effective rate of 11.56%, maturing in 1992	30,000	30,000
Note bearing interest at an effective rate of 11.5%, maturing in 1994, for which the portion of capital and interest payments made in Deutsch marks is covered by foreign exchange contracts at pre-determined fixed rates (a)	40,000	40,000
Notes bearing interest at an effective rate of 10.63%, maturing in 1998 for which the capital and interest payments made in US dollars and subsequently in French francs is covered by foreign exchange contracts at pre-determined fixed rates (a)	46,602	46,602
Note owed to the Québec government		
Interest at an effective rate of 10.74%, maturing in 2001	40,000	-
Liabilities arising from capital leases (e)	53,826	54,631
Loans at varying rates and terms (f)	1,255	1,519
	782,412	773,749

(a) Capital and interest payments are guaranteed by the Québec government.

(b) From January 1 to January 31 of each of the years 1993 to 1997, holders may exercise this option and demand the redemption, by the corporation, of their debentures at par value on February 17 of the second year following the year in which the option is exercised. In such cases, debentures will bear interest, notwithstanding the semi-annual interest coupon rate of 10.625%, at the rate of 8.625% per annum beginning on February 17 following the date on which the option was exercised.

(c) On March 28 of each of the years 1993 to 2012 inclusive, holders may exercise this option and demand the redemption, by the corporation, of debentures at par value. The corporation could redeem a maximum of debentures worth \$4.5 million annually over the next 20 fiscal years.

8. Long term debt (continued)

(d) Debentures will mature, in series, for the following par values:

Year	
1993	8,158
1994	16,882
1995	92,738

(e) Minimum instalments payable on capital leases are:

Year	
1993	10,755
1994	10,755
1995	10,755
1996	10,755
1997	10,755
Subsequently	196,523
Total minimum payments payable	250,298
Less: Theoretical interest at the rate of 11.65 %	113,949
Incidental expenses	82,523
	196,472
Liabilities arising from capital leases	53,826

(f) The total amount of capital payments to be made during the next five years is as follows:

Year	
1993	162
1994	182
1995	200
1996	146
1997	52

9. Capital stock

The shares of La Société immobilière du Québec are held by the Minister of Finance.

	1992	1991
Authorized:		
100,000 shares with a par value of \$1,000 each		
Issued and paid up:		
80,001 shares	80,001	80,001

10. Contribution by the Québec government

The contribution by the Québec government was acquired by the substitution of La Société immobilière du Québec for La Société de développement immobilier du Québec on October 1, 1984.

11. Rental revenue

Rental revenue for the year ended March 31, 1992 was billed to government departments and agencies on the basis of foreseeable costs approved by the Québec government. These costs were allocated to government departments and agencies according to the pricing regulations for services rendered by the corporation. Occupancy agreements were then signed by the corporation and the government departments and agencies in question. Rental revenue is detailed as follows:

	1992	1991
Québec government's departments and agencies	496,437	460,862
Other	13,861	13,719
	510,298	474,581

12. Finance charges - net

	1992	1991
Interest expenses:		
Long-term debt		
Debentures and notes	76,081	65,455
Liabilities arising from capital leases	6,515	5,340
Loans at varying rates and terms	161	213
Amortization of the discount and issuance expenses of long-term debt	515	278
Guarantee cost	897	-
Bank loans	3,511	14,039
	87,680	85,325
Interest income:		
Short-term deposits	620	419
Investment in a direct financing lease	230	243
Other	150	447
	1,000	1,109
	86,680	84,216
Less: Interest capitalized to properties and dams	5,179	2,684
	81,501	81,532

13. Rebate to the Québec government

In March 1992, the corporation granted government departments and agencies, whose budget is voted by Parliament, rent reductions totalling \$27,000,000 (1991: \$13,448,960) in the form of a rebate paid to the Minister of Finance.

14. Retirement plans

Employees of La Société immobilière du Québec participate in the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP), administered by a Québec government agency. The plans provide set benefits and contain guarantees respecting retirement and death.

The corporation's obligations to these government retirement plans are limited to its contributions as an employer for current services. The corporation's contributions charged to earnings during the fiscal year total \$2,141,000 (1991: \$2,085,000).

15. Commitments

Operating leases

Minimum payments required under operating leases:

Year	
1993	133,122
1994	107,381
1995	94,145
1996	79,889
1997	68,101
Subsequently	529,081
Total minimum payments	1,011,719

Construction and major tenant improvement projects

As at March 31, 1992, external work and fees related to construction and major tenant improvement projects were part of contractual agreements totalling \$39 million.

16. Contingencies

By virtue of an agreement, the Société, as an associate, guaranteed a loan for the Société Bon-Pasteur from a financial institution for up to \$15.6 million in order to carry out the development of the project which has a construction cost estimated at \$38.5 million.

A number of claims and legal proceedings against the corporation, in the amount of \$2 million, were outstanding at the time of preparation of the financial statements. Based on the information available, management feels that it is very unlikely that the corporation's liability for these claims and legal proceedings is sufficiently important to affect its financial position.

If need be, any payments by the corporation will be charged off to earnings or capitalized to properties according to the type of claim.

17. Comparative figures

Certain 1991 earnings figures have been reclassified to conform to the 1992 presentation.